



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 30, 2007

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **DEPARTMENT OF REGISTRAR-RECORDER/COUNTY CLERK  
PERSONNEL/PAYROLL REVIEW**

Attached is our report on the Registrar-Recorder/County Clerk's (RR/CC or Department) compliance with County personnel and payroll policies and use of the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS). Our audit covered areas such as hiring, overtime, leave accounting and recording of employee time and attendance. Our review also included areas requested by RR/CC management related to hiring/promotional practices, workers' compensation and bonuses.

**Summary of Findings**

The RR/CC needs to strengthen its controls over personnel/payroll operations and use of CWTAPPS. The following are examples of areas where the Department can improve:

- The RR/CC needs to improve their procedures for employee appointments from exam hiring and promotional lists. We noted instances where the Department appointed lower ranked candidates and bypassed higher ranked candidates. Some of these appointments were not in compliance with County Civil Service Rules.

For other appointments, the Department's practices were not specifically prohibited by Civil Service Rules. However, the Department of Human Resources (DHR) discourages these practices because they can lead to a perception of favoritism and reduced morale from employees having an unfavorable perception of the fairness of the Department's exams and promotion process.

RR/CC management indicated that DHR had previously identified some of the issues noted in our review, and that the Department has taken action to address these issues.

- The RR/CC needs to reevaluate its overtime budget, develop policies and procedures for approving employee overtime and centrally monitor employee overtime for reasonableness. The Department exceeded its Board-adopted overtime budget in each of the past six years. We also noted many RR/CC employees reported working a substantial amount of overtime and management does not require written pre-approval for overtime and does not centrally review employee overtime for appropriateness.
- The RR/CC needs to improve its monitoring of workers' compensation benefits. We identified nine employees who continued to receive workers' compensation benefits after they returned to work or used 100% sick time, resulting in overpayments of approximately \$13,000.
- The RR/CC needs to review personnel bonuses annually and maintain adequate documentation for all bonuses. We noted six instances where employees continued to receive bonuses even though they were no longer eligible. In addition, we noted ten instances where the Department did not maintain documentation supporting the employee's bonus.
- The RR/CC needs to ensure Personnel staff perform and maintain documentation of background checks for employees appointed to sensitive positions. We noted six appointments to sensitive positions where the Department could not provide documentation that they performed background checks as required by County policy.

Details of these and other findings and recommendations are included in Attachment 1.

### **Review of Report**

We discussed the results of our review with RR/CC and DHR management. The RR/CC indicated general agreement with our findings. RR/CC management's response (Attachment 2) indicates that they have already implemented many of the

recommendations and are in the process of implementing the remaining recommendations.

We thank RR/CC and DHR management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Jim Schneiderman at (626) 293-1101.

JTM:MMO:JLS:MP

Attachment

c: William T Fujioka, Chief Executive Officer  
Conny B. McCormack, Registrar-Recorder/County Clerk  
Michael J. Henry, Director, Department of Human Resources  
Sachi A. Hamai, Executive Officer  
Public Information Office  
Audit Committee

**DEPARTMENT OF REGISTRAR-RECORDER/COUNTY CLERK  
PERSONNEL/PAYROLL REVIEW**

**BACKGROUND/SCOPE**

We reviewed the Registrar-Recorder/County Clerk's (RR/CC) compliance with County personnel and payroll policies. Our review included interviews with staff and tests of RR/CC records. Our review of hiring/promotional practices, workers' compensation and bonuses included a number of areas requested by RR/CC management, based on management's concerns with the prior Human Resource Division management's compliance with County rules and personnel practices.

**COMMENTS AND RECOMMENDATIONS - PERSONNEL**

**Hiring and Promotion Practices**

The Department of Human Resources (DHR) administers Los Angeles County's Recruitment and Selection program. As part of the program, DHR administers Civil Service examinations and provides uniform guidelines to departments for hiring/promoting staff. DHR generally conducts exams for Countywide positions. Departments can also request that DHR conduct specific exams or obtain DHR approval to conduct their own examinations.

During the examination process, candidates are grouped according to their score on a list of eligible candidates (eligible list). Departments can appoint employees using DHR's eligible list or they may conduct a "selective certification" by compiling a promotional list of their employees from an open competitive examination or an interdepartmental examination.

Details of our findings and our recommendations for improvement are indicated below.

**Appointment Policies and Procedures**

County Civil Service Rules (CSRs) require departments to make appointments from the highest ranking group ("band") on either the eligible list or the promotional list. If the highest band does not include at least five candidates available for appointment, the appointment may be made from the next highest band or bands to include at least five candidates. Higher ranking candidates can be "withheld" (passed over) from the list for various reasons (e.g., unwillingness or inability to accept the position, etc.), allowing a department to appoint candidates from a lower band.

When filling a vacancy, departments must review the appropriate eligible list and contact candidates in the highest band to determine their availability/interest. Departments must appoint an eligible candidate who is in a "reachable" band. In addition, departments need to maintain documentation/justification for all personnel transactions.

We reviewed 20 appointments and noted:

- RR/CC hired/promoted four employees from lower bands and management indicated they could not locate documentation supporting why they withheld candidates who were in higher bands as required by CSRs.
- RR/CC promoted a candidate who was not reachable by excluding a higher ranking candidate from the promotional list. If this candidate had been included as required, the appointed candidate would not have been reachable.
- RR/CC incorrectly withheld a candidate by asking the candidate to waive his/her consideration rights. According to DHR, departments should not ask candidates to waive their consideration rights. Departments should only approach candidates to determine their interest in the position. Departments can then withhold candidates who are no longer interested.
- RR/CC began processing a departmental promotion for an employee who did not yet work for the RR/CC. Departmental promotional exams are open only to employees who currently work for the department running the exam.

The RR/CC should ensure Human Resources (HR) Division complies with CSRs for all exam appointments, include all eligible candidates for their eligible/promotion lists, and ensure that selected employees are reachable. The Department should also maintain adequate documentation to support appointments. In addition, the Department should only approach candidates on eligible lists with the intent to determine their interest in a position.

### **Recommendations**

#### **RR/CC management:**

1. **Ensure the Human Resources Division complies with Civil Service Rules in all appointments, by including all eligible candidates in their eligible/promotion lists, ensuring that hired/promoted employees are reachable, and maintaining adequate documentation to support appointments.**
2. **Only approach candidates on eligible lists with the intent to determine their interest in a position and discontinue asking employees to waive their consideration rights in accordance with Department of Human Resources' advice.**

### **Non-Standard Appointments**

In 2006, DHR reported that the RR/CC had promoted employees from existing lists that were equal to or higher than the intended positions, and then demoted the employees to

the intended positions the following day since a current list was not available for the desired position. DHR indicated that, while this practice does not violate CSRs, it circumvents the intent of the civil service exam process. In August 2006, RR/CC management responded to DHR that they would no longer use this promote/demote process and our testwork did not note any subsequent exceptions.

However, we reviewed 20 RR/CC employees who were appointed (e.g., new hires, promotions, etc.) from March through August 2006, and noted instances where the Department used other unconventional procedures that we and DHR believe may circumvent the intent of DHR policies. Specifically:

- RR/CC transferred three employees who were not reachable on the Countywide list into the Department so they could be reached and promoted from a departmental promotional list. This bypassed higher ranked eligible candidates.
- RR/CC promoted two employees and then immediately placed them in acting capacities for positions unrelated to the promotions. These employees were not on eligible lists for the acting position. DHR indicated that promoting and then placing employees in acting capacities is not a good personnel practice, since it denies consideration to individuals who competed in the exam process.
- RR/CC bypassed candidates on the Intermediate Clerk (IC) list by promoting a person who was not on the IC list to a higher-level item (Intermediate Typist Clerk), and then administratively reassigning the person to IC the next day.

CSRs do not specifically prohibit these practices. However, these practices result in bypassing eligible candidates, which can lead to a perception of favoritism and reduced morale from employees having an unfavorable perception of the fairness of their Department's exams and promotion process. This can increase employee turnover, complaints to various audit/enforcement agencies, and legal action against the County.

RR/CC should minimize the use of hiring/promotion practices that sidestep higher scoring candidates on eligible lists. RR/CC Personnel staff should consult with DHR in situations where management believes it is necessary to deviate from normal selection procedures and institute more transparent exam and promotional policies, procedures, and processes.

### **Recommendations**

#### **RR/CC management:**

- 3. Minimize the use of hiring/promotion practices that sidestep higher scoring candidates on eligible lists.**

4. **Ensure RR/CC Personnel staff consult with DHR in situations where management believes it is necessary to deviate from normal selection procedures and institute more transparent exam and promotional policies, procedures, and processes.**

#### **Updated Eligible Lists**

Some County employment exams are run as open continuous exams. These exams do not have established application deadlines, and DHR continuously updates the list of eligible candidates. To identify all currently reachable candidates, departments need to obtain a current eligible list when filling a vacancy.

We noted the RR/CC does not always use the most current DHR eligible list. We reviewed 13 appointments from open continuous exams and noted the RR/CC hired four employees (31%) from lists that were 3½ to 6 months old. As a result, the Department did not ensure they considered all currently eligible candidates for the positions and that the selected candidates were currently reachable. As indicated earlier, because the Department did not always maintain adequate documentation to support their appointments, we could not determine whether the selected candidates were reachable.

RR/CC management should ensure they use updated eligible lists when selecting candidates for vacancies from open continuous exams.

#### **Recommendation**

5. **RR/CC ensure they use updated eligible lists when selecting candidates for vacancies from open continuous exams.**

#### **Background Checks**

County policy requires departments to perform background checks to ensure they do not assign a person to a sensitive position (e.g., financial services, payroll, and cashier positions, etc.) who has been convicted of an offense that poses a threat or risk to the County or to the public.

We reviewed nine recent appointments to sensitive positions and noted six instances where the Department could not provide documentation that they performed the required background check. RR/CC management indicated that Personnel staff performed the necessary background checks, but the files were misplaced due to employee turnover.

**Recommendation**

6. RR/CC management ensure Personnel staff perform and maintain documentation of background checks for employees appointed to sensitive positions and perform background checks on employees currently in sensitive positions where documentation of a previous background check is not available.

**COMMENTS AND RECOMMENDATIONS - PAYROLL**

**Overtime**

**Overtime Budget**

Each year, the RR/CC establishes an overtime budget. We compared the Department's budgeted and actual overtime for FY 2000-01 through FY 2006-07.

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Over</u>	<u>%</u>
2006-07	\$3,800,000	\$5,568,874	\$1,768,874	39%
2005-06	3,300,000	5,498,145	2,198,145	67%
2004-05	3,300,000	3,663,021	363,021	11%
2003-04	4,800,000	5,613,986	813,986	17%
2002-03	1,900,000	3,476,429	1,576,429	83%
2001-02	1,900,000	3,440,478	1,540,478	81%

As indicated above, the RR/CC has exceeded its overtime budget in each of the past six years. Management indicated that the overages ranging from 11% to 83% were generally due to increased workload and demand for election and document recording services, and that unanticipated elections (e.g., the 2003 recall and 2005 special elections, etc.) have made it difficult to forecast their overtime budget.

While the RR/CC notifies and obtains the Chief Executive Officer's (CEO) approval for increased overtime authority mid-year, the overtime in excess of budget indicates a need to improve the Department's annual overtime budget projections. Management should work with the CEO to reevaluate the Department's annual overtime budget.

**Recommendation**

7. RR/CC management work with the CEO to reevaluate the Department's annual overtime budget.

### **Controls Over Employee Overtime**

The County Fiscal Manual (CFM) requires departments to establish controls for requesting, authorizing and monitoring employee overtime. While County policy does not specifically limit how much overtime employees can work, departments should monitor employee workload and overtime reports to determine the propriety of overtime.

We reviewed the Department's overtime records for 2006 and noted:

- 313 RR/CC employees worked over 300 overtime hours (equal to two months of additional full-time work). Seventy-four of these employees worked almost 600 hours of overtime (four months) and seven employees worked over 900 hours of overtime (six months).
- Eight of the 20 highest overtime earners in 2006 used sick/vacation time at least twice on days when they reported working overtime. Two of these employees used sick/vacation on days they reported working overtime at least ten times during 2006.

We also noted that seven employees worked a large number of consecutive days, from 26 to 40 straight days. In a two-week period around Election Day, the employees worked from 59 to 92 hours of overtime, in addition to their regular work hours. Two employees reported working 24 hours on Election Day, after reporting working at least 15 hours the previous day. These employees still reported working their regular shifts the next day.

RR/CC does not require written pre-approval for overtime and allows employees to work overtime with only verbal pre-approval. In addition, while management monitors overtime for budgetary purposes, the Department does not centrally review employee overtime for appropriateness. RR/CC management needs to develop policies and procedures for approving employee overtime, including requiring written approvals. In addition, RR/CC management needs to centrally monitor employee overtime to ensure that overtime worked/reported is reasonable.

### **Recommendations**

#### **RR/CC management:**

- 8. Develop policies and procedures for approving employee overtime, including requiring written approvals.**
- 9. Centrally monitor employee overtime for reasonableness.**

### **Payroll Exceptions**

As discussed later in this report, we noted numerous over and under payments due to incorrect time cards, CWTAPPS input errors, and misapplications of payroll rules and regulations. We provided RR/CC with a list of these exceptions. RR/CC management should correct the exceptions by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary.

### **Recommendation**

- 10. RR/CC management correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary.**

### **Leave Accounting**

Per County policy, employees who are out sick can use full or part-pay sick leave to get paid for their absence. However, employees cannot use part-pay sick leave until they have been absent for five consecutive days (unless they been hospitalized) and have used all their full-pay sick leave. In addition, when an employee's continuous sick leave extends into the following calendar year, Payroll staff should use continuous absence earnings codes in CWTAPPS to ensure the employee can only use the full or part-pay sick leave they had when their absence began.

We reviewed ten employees on extended sick leave and noted four instances where the employees used part-pay sick leave benefits during the five-day wait period without documentation that the employees had been hospitalized. We also noted the Department did not correctly enter part-pay sick leave earning codes into CWTAPPS for three of the employees, resulting in underpayments totaling \$344 and incorrect sick leave balances.

In addition, Payroll staff manually adjust leave balances in CWTAPPS for employees whose sick leaves extend into the next year, rather than using the continuous sick leave earnings codes that automatically adjust part-pay sick leave balances. As a result, the employees' leave balances are misstated in CWTAPPS and must be manually corrected if the employee returns to work and subsequently uses sick leave for a new illness or injury.

RR/CC Payroll needs to ensure it obtains and maintains appropriate documentation for employees using part-pay sick time during the five-day waiting period. The Department also needs to ensure that Payroll staff uses correct earnings codes while employees are on part-pay sick leave, and uses continuous absence earnings codes when an absence begins in one calendar year and extends into the following year.

### **Recommendations**

#### **RR/CC management:**

- 11. Ensure Payroll obtains and maintains appropriate documentation for employees using part-pay sick time during the five-day waiting period.**
- 12. Ensure that Payroll staff uses correct leave codes when employees are on part-pay sick leave, and uses continuous absence earnings codes when an absence begins in one calendar year and extends into the following year.**

### **Workers' Compensation**

County employees who are unable to work because of work-related injuries may receive workers' compensation benefits. The first year after the injury is known as the salary continuation period. If an employee's disability continues after a year (the post salary continuation period), the employee may receive Temporary Disability (TD) or Vocational Rehabilitation Maintenance Allowance (VRMA) benefits. TD/VRMA benefits are authorized by one of the County's Third Party Administrators (TPA) and paid from the County Workers' Compensation Trust Fund (Trust Fund).

### **Salary Continuation**

During the salary continuation period, employees receive 70% of their normal salary. Employees may use accrued 100% leave time (e.g., sick leave, vacation, etc.) to cover absences while they are waiting for a determination of whether the injury/illness is covered by workers' compensation. If the injury/illness is covered, departments must ensure that the weekend days are coded using the Industrial Accident (IA) code.

We reviewed ten salary continuation cases and noted six instances where Payroll did not properly adjust CWTAPPS for workers' compensation benefits on weekends, resulting in incorrect payments to the employees.

RR/CC management should re-train Payroll staff on timecard adjustments, including the coding for weekend days in CWTAPPS while employees are out on workers' compensation.

### **Recommendation**

- 13. RR/CC management re-train Payroll staff on timecard adjustments timecards, including coding for weekend days in CWTAPPS while employees are out on workers' compensation.**

### **Post Salary Continuation Period**

During the post salary continuation period, employees can use accumulated benefits (e.g., Sick Leave, Vacation, etc.) to supplement their workers' compensation benefits. However, the employee's total benefits from all sources cannot exceed 100% of their regular pay. Departments are supposed to notify employees that they can use their accumulated benefits to supplement their workers' compensation benefits one month before the start of the post salary continuation period.

We reviewed 13 cases and noted nine employees (69%) received more than 100% of their regular pay, resulting in a total overpayment of \$12,685 and 104 hours of misstated leave balances. This occurred when the employees continued to receive workers' compensation benefits after they returned to work or used 100% leave time.

These overpayments occurred because of communication problems between the RR/CC and the TPA, and the Department not always acting on information from the TPA. To reduce the risk of incorrect payments, RR/CC management should immediately notify the TPA when employees return to work from an injury/illness covered by workers' compensation. Payroll should also account for workers' compensation benefits when calculating the number of leave benefit hours the employees can use to supplement their workers' compensation benefits.

Finally, we noted that RR/CC does not have written procedures to ensure that employees are notified that they can use their accumulated benefits to supplement their workers' compensation benefits during the post salary continuation period.

### **Recommendations**

#### **RR/CC management:**

- 14. Immediately notify the Third Party Administrator when employees return to work from a workers' compensation injury/illness.**
- 15. Ensure that the Payroll Unit accounts for workers' compensation benefits when calculating the number of leave benefit hours employees can use to supplement their workers' compensation benefits.**
- 16. Develop written procedures to ensure employees are notified that they can use accumulated leave benefits to supplement their workers' compensation benefits during the post salary continuation period.**

## **Bonuses**

### **Annual Review of Bonuses**

Employees can receive bonuses for special job skills (e.g., bilingual bonus, out-of-class assignments, etc.). CFM Section 3.1.7 requires that departments verify employee eligibility for bonuses each year, including documentation in the employees' personnel files.

RR/CC HR management indicated they did not have procedures to annually review eligibility for all bonus types. We reviewed ten bonuses and noted six employees continued to receive their bonus even though they were no longer eligible.

We reviewed the documentation for 28 bonuses and noted ten instances (36%) where the RR/CC did not maintain documentation supporting the bonus in the employees' payroll files.

Management indicated that some of the bonus authorization forms were misfiled because of organizational changes, and the Department is taking steps to ensure they adequately maintain bonus documentation.

Subsequent to our review, RR/CC cancelled several bonuses, including the six from our sample. In one instance, an employee continued to receive a bonus after it expired, resulting in a total overpayment of \$930 over seven months.

RR/CC management should ensure HR reviews employee bonuses at least annually. In addition, for the cancelled bonuses noted above, RR/CC management should review the eligibility dates and bonuses paid to employees and initiate overpayment recoveries as appropriate.

### **Recommendations**

#### **RR/CC Human Resources Division:**

- 17. Maintain supporting documentation for all bonuses.**
- 18. Review employee bonuses at least annually to ensure eligibility.**
- 19. Review bonus eligibility dates and initiate overpayment recoveries as appropriate.**

### **Out-of-Class Bonus Assignments**

Out-of-class bonuses are used to compensate employees who are assigned the duties of a higher position. County policy requires departments to select an employee from the

higher class position's eligible list whenever possible, and avoid keeping employees in out-of-class assignments for a "prolonged period of time."

We reviewed four out-of-class bonuses where a higher class position's eligible list was available, and noted that in all four instances, the Department did not review/use the eligible list when selecting an employee for the out-of-class position and bonus. We also noted nine of the ten employees continued to receive out-of-class bonuses for an average of over three years. According to DHR, out-of-class bonuses should normally not exceed one year.

Improperly administering out-of-class assignments can reduce employee morale from employees having an unfavorable perception of the fairness of their Department's bonus assignment process. This can increase employee turnover and lead to employee grievances and arbitrations. RR/CC management should ensure they select employees to receive out-of-class assignments and bonuses from the higher class position's eligible list whenever possible and avoid keeping employees in out-of-class assignments for prolonged periods of time.

In addition, the Department initiated out-of-class bonuses for two employees before the effective date indicated on bonus authorization documents. Therefore, the RR/CC cannot document that the \$1,288 in bonuses to these employees were appropriate.

### **Recommendations**

#### **RR/CC management:**

- 20. Ensure they select employees to receive out-of-class assignment and bonus from the higher class position's eligible list whenever possible.**
- 21. Avoid keeping employees in out-of-class assignments for a prolonged period of time.**

### **CWTAPPS Entry**

To ensure accurate and timely payments to employees, departments must verify eligibility and process bonus transactions within Auditor-Controller deadlines.

We reviewed ten bonus transactions and noted the Department entered six into CWTAPPS an average of 89 days after the deadline. We also noted two instances where HR entered a bonus start date before the employee earned the certificate required for the bonus. Therefore, HR did not verify bonus eligibility before entering an incorrect bonus start date into CWTAPPS, resulting in an overpayment of \$200.

To ensure timely and accurate payments to employees, HR Division management should verify eligibility before entering an effective date into CWTAPPS and ensure employee bonuses are entered into CWTAPPS within Auditor-Controller deadlines.

## **Recommendations**

### **RR/CC Human Resources Division:**

- 22. Verify eligibility before entering bonus start dates in CWTAPPS.**
- 23. Ensure employee bonuses are entered into CWTAPPS within Auditor-Controller deadlines.**

## **Terminations**

CFM Section 3.1.7 requires departments to process terminations within the Auditor-Controller's deadline. In addition, the CFM states that someone independent of entering and approving terminations should trace the employees names to CWTAPPS to ensure the terminations were processed.

We reviewed ten terminations and noted three were processed after the Auditor-Controller deadline. Although we found no payment errors, terminations entered after the Auditor-Controller's deadline could result in employees being paid late and additional CWTAPPS adjustment fees.

We also noted that, while HR Division staff indicated that they maintain a list of all terminations, the Department does not trace terminated employees to CWTAPPS as required.

## **Recommendation**

- 24. RR/CC management ensure staff enter terminations into CWTAPPS before A-C deadlines and require someone without personnel related responsibilities to trace terminated employees' names to CWTAPPS to ensure the terminations were processed.**

## **CWTAPPS Security**

### **CWTAPPS Profiles**

Profiles determine which CWTAPPS screens a user can access and the specific actions they can process (e.g., inquire, add, update, delete, etc.). CFM Section 3.1.5 requires departments to restrict profiles to the scope of the employee's job responsibilities. Profiles that permit changes to both payroll and personnel information should be restricted to management and high level supervisory personnel.

We noted that three HR Division staff have CWTAPPS access that exceeds their job responsibilities. In two instances, the employees can make changes to all payroll and personnel information, including their own, even though their job responsibilities only

require limited access. Another employee can view and edit mileage reimbursement information, which is not one of the employee's responsibilities.

We also noted six employees with CWTAPPS access who either have not accessed CWTAPPS in over 90 days or have never logged onto the system. To strengthen security controls, RR/CC should review employees' profile assignments for appropriateness at least annually and delete employees who no longer require access to the system.

**Recommendation**

- 25. RR/CC management review employees' profile assignments for appropriateness at least annually and remove employees who no longer require system access.**

**Processing Centers**

CFM 3.1.5 states that processing centers should be used so that Payroll and Personnel staff do not have access to their own personnel/payroll information.

The RR/CC uses only one processing center for the Department. As a result, twelve employees have access to every employee's payroll/personnel information, including their own. RR/CC management should establish more than one processing center to ensure Payroll and Personnel staff do not have access to their own payroll/personnel information on CWTAPPS.

**Recommendation**

- 26. RR/CC management establish processing centers to ensure Payroll and Personnel staff do not have access to their own payroll/personnel information on CWTAPPS.**

**Record Security**

CFM Sections 3.1.3 and 3.1.9 require departments to maintain adequate security over payroll and personnel records, restrict access to authorized personnel, and maintain payroll records separate from personnel records.

We noted that the RR/CC does not have adequate security over payroll and personnel records. Specifically:

- Seven employees have access to the personnel file storage room, even though their job responsibilities do not require this access. In addition, three employees have access to their own files.

- The HR Division keeps old timecards on an open table, and the security door preventing non-employees from entering the room is sometimes left open.
- The Department keeps payroll records in the employees' personnel files. In addition, examination documents are stored in the same room as the personnel files. As a result, payroll and examination staff can access the personnel folders.

The RR/CC should ensure that access to personnel files is restricted to the scope of the employee's responsibilities and ensure that employees do not have access to their own files. The Department also needs to maintain separate files for personnel and payroll information and ensure payroll and personnel records are stored in secure locations.

### **Recommendations**

#### **RR/CC management:**

- 27. Restrict access to personnel files to only appropriate staff and ensure employees do not have access to their own files.**
- 28. Maintain separate personnel and payroll files and ensure the files are stored in secure locations.**

### **CWTAPPS Reports**

CWTAPPS generates exception reports to assist managers in monitoring payroll/personnel operations. The reports identify irregular hours, CWTAPPS codes and other potential errors. Departments are required to use the reports to ensure that coding on the system is accurate and employees are paid correctly. Department payroll staff should review the reports and document the disposition of each exception identified. The Payroll supervisor should also review the reports each pay period to ensure that the exceptions are corrected and sign and date the report as reviewed.

RR/CC staff indicated that they review CWTAPPS reports each pay period and make any necessary corrections. However, the Department does not maintain the annotated reports to document their reviews. To help ensure accurate payments to employees, RR/CC Payroll staff should review CWTAPPS exception reports to ensure that errors are appropriately resolved and maintain documentation of the reviews.

### **Recommendation**

- 29. RR/CC management ensure payroll staff review CWTAPPS reports to ensure that errors are appropriately resolved and maintain documentation of their reviews.**



COUNTY OF LOS ANGELES  
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**CONNIE B. McCORMACK**  
Registrar-Recorder/County Clerk

October 19, 2007

TO: J. Tyler McCauley  
Auditor-Controller

FROM: Connie B. McCormack *CMC by ocl*  
Registrar-Recorder/County Clerk

**RESPONSE TO AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW**

The Department of Registrar-Recorder/County Clerk has reached general agreement with the audit team regarding your audit findings. As you may know, in May and June of 2006, I requested that the payroll audit your staff was preparing to start be expanded to include all personnel operations in addition to payroll based on concern that controls and processes may not have been adequately followed when under the direction and supervision of senior management staff who had recently left the Department. Your staff was agreeable and obliged the request.

I am pleased to report that, over the course of time in which the audit was conducted, our Department self-identified many of the issues noted in the audit recommendations and we have already implemented many of the controls and improvements recommended in the audit report. We have also filled a number of critical vacancies in our Human Resources Division with skilled, professional, human resources practitioners who are contributing to continual operational improvement. In some cases, the specific finding cited in your audit report coincides with an issue that has also been reviewed by Department of Human Resources' (DHR) investigative staff. In those cases, a corrective action plan has already been submitted to DHR and associated actions have been taken.

We are working proactively to implement the remaining recommendations, which primarily focus on consistent application of Civil Service Rules and DHR guidelines, management oversight of overtime expenditures, monitoring workers' compensation claims and properly administering personnel bonuses. This progress is particularly noteworthy considering the significant turnover of human resources management and personnel experienced in the Department over the past 18 months.

We appreciate your assistance in identifying areas where our payroll, personnel operations and internal controls can be improved. If you have any questions or require further information, please have your staff contact Dean Logan, Chief Deputy, at 562-462-2883 or Kathleen Connors, Administrative Deputy, at 562-462-2636.

C: Dean Logan  
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Joseph Horvath